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NORTHWEST DELEGATION, BODMAN DISCUSS BPA RATE PROPOSAL

Senators air concerns on impact to region, economy

WASHINGTON, D.C. – Idaho Senator Larry Craig, along with Senators Conrad Burns (R-Mont.), Gordon Smith (R-Ore.), Ron Wyden (D-Ore.) and Maria Cantwell (D-Wash.) met with Energy Secretary Samuel Bodman, David Anderson, Associate Director of Natural Resource Programs at the Office of Management and Budget (OMB), and BPA Administrator Steve Wright today to discuss a proposed administrative rule change for the Bonneville Power Administration (BPA).

The President's budget proposal for FY 2007 includes a plan to change, through issuance of a new administrative ruling, the way BPA retires its debt to the federal treasury. The plan would require BPA to use excess revenues to retire long-term debt more quickly. Because the change would be made through the rulemaking process, congressional approval would not be needed for the rule to go into effect. Analysts believe the proposed rule would result in a 10 percent rate increase that BPA would be forced to pass on to ratepayers.

Members of the Northwest Delegation delivered a unified message that the rate proposal would not be acceptable, and the Secretary agreed to work with the Senators to find a solution. **“The Northwest is a region that is growing very rapidly, and our economy is built on hydropower,”** Craig said. **“That means each year is different, depending on what kind of water year we've had. We are not based on constancy in our power supply. This proposal would limit BPA's flexibility to deal with the bad water years by taking advantage of the good ones.**

“According to DOE, the main purposes of the proposal are to allow more financial flexibility for BPA and to help build more transmission infrastructure. We agree with those goals, but think its better decided in the region how to accomplish them.

“Unfortunately, it seems this proposal would result in the establishment of BPA as a revenue raiser for the treasury, but that's not a precedent BPA will always be able to meet. We will stop this proposal through whatever means is necessary.

“Having said that, I was pleased by the secretary's willingness to meet with us today, and again in the future, to try to work out a solution that will meet the needs of all parties. He was attentive and I hope he heard our side of the argument loud and clear.”

NOTE: Audio from a press conference immediately following the meeting is available here:
<http://craig.senate.gov/clips/pr021606a.mp3>.